(a) determining whether a location of a cursor in the electronic document is positioned over existing text;

([a] b) collecting context information regarding [a] the location of [a] the cursor in the electronic document by:

if the location of the cursor is positioned over existing text, then collecting context information associated with the existing text;

otherwise, collecting context information associated with existing text that is proximate to the location of the cursor;

([b] c) selecting one of a plurality of rules based on the collected context information;

([c] d) in response to selecting the rule, changing a presentation of the cursor to indicate an anticipated location of the insertion point and [the] a type of formatting that will be applied to text and objects located in close proximity to the cursor location;

([d] e) determining whether an indication has been received to place the insertion point in the electronic document; and

([e] f) if so, then performing formatting to place the insertion point in the electronic document.

4. (Amended) The method recited in Claim 1 further comprising the step of:

if an indication has not been received to place the insertion point in the electronic document, then repeating steps (a)-([e]f).

5. (Amended) The method recited in Claim 1 wherein the step of performing formatting to place the insertion point in the electronic document comprises adding and deleting formatting properties from the electronic document.

6. (Amended) The method recited in Claim 1 wherein the step of [collecting context information regarding a location of a cursor in the electronic document] determining whether a location of a cursor in the electronic document is positioned over existing text is performed in response to a change in the location of the cursor.

10. (Amended) For an electronic system for creating and editing an electronic document, a method for displaying a cursor, the method comprising the steps of:

(a) determining whether a location of a cursor in the electronic document is positioned over existing text;

([a] b) collecting context information regarding [a] the location of the cursor in the electronic document by:

if the location of the cursor is positioned over existing text, then collecting context information associated with the existing text;

otherwise, collecting context information associated with existing text that is proximate to the location of the cursor;

([b] c) applying the collected context information to a database of a plurality of rules to determine whether the collected context information coincides with one of the plurality of rules;

([c] d) if so, then determining one of a plurality of cursors associated with the coinciding rule; and

([d] e) displaying the associated cursor.

13. (Amended) The method recited in Claim 10 further comprising the step of repeating steps (a)-([d] e) as the cursor is moved around the electronic document.

15. (Amended) For an electronic system for creating and editing an electronic file, a method for adjusting the location of an insertion point in an electronic file to match the location of a cursor, the method comprising the steps of:

(a) determining whether a location of a cursor in the electronic file is positioned over existing text;

([a] b) collecting context information regarding [a] the location of [a] the cursor in the electronic file by:

if the location of the cursor is positioned over existing text, then collecting context information associated with the existing text;

otherwise, collecting context information associated with existing text that is proximate to the location of the cursor;

([b] c) applying the collected context information to a database of a plurality of rules to determine whether the collected context information coincides with one of the plurality of rules;

([c] d) if so, then adjusting the location of the insertion point based upon the coinciding rule;

([d] e) determining whether the location of the insertion point matches the location of the cursor; and

([e] f) if not, then repeating steps (a)-([d] e).